

DOCKET FILE COPY ORIGINAL

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

MAY - 6 1998

In the Matter of)
Bell Atlantic Petition for Relief)
from Barriers to Deployment of)
Advanced Telecommunications Services)

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DA 98-184
CC Docket 98-11

REPLY COMMENTS

CAI Wireless Systems, Inc. ("CAI") hereby files reply comments in support of Bell Atlantic Corporation's petition for relief in the above-captioned proceeding.¹ CAI is one of the largest wireless cable operators in the country using radio frequency spectrum in the Multichannel Multipoint Distribution Service ("MMDS") and Instructional Television Fixed Service ("ITFS") range to provide wireless cable service in markets throughout the northeastern United States. CAI also owns approximately 60% of CS Wireless Systems, Inc., a wireless cable operator with markets primarily in the midwest. CAI urges the Commission to grant Bell Atlantic's request for regulatory relief and to establish a broad deregulatory framework for the provision of advanced telecommunications services.

No. of Copies rec'd 2112
List ABCDE

¹ FCC Public Notice DA 98-184. Commission seeks comment on Bell Atlantic Petition for Relief from Barriers to Deployment of Advanced Telecommunications Services, January 30, 1998. See Also, Order, DA-98-376, released February 25, 1998.

I. Background

Wireless cable service is emerging as an important medium for providing competitive multi-channel video service. In addition, as operators continue to deploy new digital technology, wireless cable has the potential to support two-way voice and data services including high-speed Internet access services that are not widely available today. In fact, CAI and other wireless cable operators have already begun to offer such services. CAI currently offers a high-speed Internet access service that provides a downstream data rate of 27 Mbps, which is orders of magnitude faster than Internet services using traditional telephone-based modems.²

The Commission has recognized the great potential for wireless cable, and other emerging wireless technologies, to compete with incumbent cable television and telephone companies. The ability to provide new high-speed services, like those offered by CAI, is one way in which wireless cable operators can compete against these incumbents since there is not yet an established market for these new services. However, the utility of these new access technologies is only as good as the Internet's weakest link.

² CAI's wireless Internet service is asymmetrical. Full-motion video, audio, and data from the Internet is downloaded via the MMDS channel, while a regular telephone line is used for the return path. CAI has joined more than one hundred other companies who have petitioned the FCC to adopt modifications to its MMDS rules that would facilitate the provision of two-way services over the MMDS spectrum. See Notice of Proposed Rulemaking, MM Docket No. 97-217, FCC 97-360.

II. Today's Internet Backbones Cannot Support New High-speed Access Technologies

As Bell Atlantic describes in its petition, the Internet backbone has not been able to keep up with the increasing demands for high-speed data services. Recent studies have shown that traffic is currently transported over the Internet at an average speed of just 40 kbps, as measured in the top 30 major markets.³ The average data rate is far lower in smaller markets, where many wireless cable systems operate. Thus, despite the efforts of CAI and other wireless cable operators to offer better and faster ways for consumers to access the Internet, these efforts are frustrated by inadequate backbone facilities. The end result is that consumers cannot fully exploit the broadband capabilities that digital wireless cable systems provide. The Commission should establish policies that promote investments in high capacity backbone networks as well as high-speed access technologies like digital wireless cable.

III. Increased Competition Will Spur New Investments in Backbone Networks

The concentration occurring within the Internet backbone market is well understood.⁴ Such concentration is a likely contributor to the inability of the backbone to keep up with the increasing consumer demand for high-speed Internet services. The Commission should adopt regulatory policies that promote competition in the Internet

³ Keynote Systems News Release, "DSL and Cable Modems Will Not Solve Internet Performance Problems According to Keynote Systems, Internet Speed Limit Impedes Full Potential of High-Speed Internet Access Over 'The Last Mile'", February 13, 1998.

⁴ Bell Atlantic Petition, Attachment 1, Declaration of Prof. Thomas W. Hazlett, January 26, 1998.

backbone market, including removing barriers which prevent large, well-established companies like Bell Atlantic from competing.

Bell Atlantic has the resources necessary to make substantial investments in the backbone infrastructure. Moreover, as a likely provider of high-speed Internet access services, they have the incentives necessary to turn these resources into reality. By permitting Bell Atlantic and other companies like them to provide Internet backbone networks, the Commission will promote investments in such networks and ensure that the advanced services offered by CAI and other emerging local competitors will not be forestalled by an inadequate national backbone network.

IV. The Commission Should Forbear from Regulating Advanced Telecommunications Services

Section 706 of the Telecommunications Act of 1996 directs the Commission to take actions that promote the deployment of advanced telecommunications services, including forbearance from regulations that would stall investments in the technologies necessary to support such services. This mandate to forbear from regulation applies to all advanced telecommunications technologies, including digital wireless cable networks. The investments necessary to deploy such technologies are substantial. Competitors simply cannot sustain the added, and unnecessary, risk which comes with regulation. This is true for all companies investing in the nation's telecommunications infrastructure, and particularly so for small companies like wireless cable operators.

The high-speed data market is likely to be very competitive, and there is no need to impose onerous regulations on competitors. CAI, like other wireless service providers and cable modem operators, is providing today high-speed data access into the home. Bell Atlantic and other local telephone companies can also be expected to deploy such broadband services via various Digital Subscriber Line (xDSL) and advanced fiber technologies.⁵ However, continued investments in these new technologies will simply not be made if carriers are subject to heavy-handed regulation. CAI urges the Commission to generally forbear from imposing regulations on any advanced telecommunications services, regardless of the specific access technologies they employ.

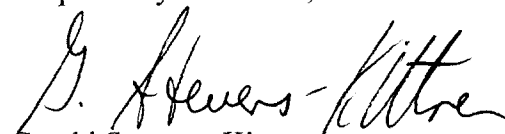
V. Conclusion

In conclusion, CAI urges the Commission to grant Bell Atlantic's petition for relief thus permitting them to make needed investments in Internet backbone networks. Such investments will benefit all competitors who offer high-speed access to the Internet,

⁵ Bell Atlantic petition.

including wireless cable operators. Moreover, the Commission should generally forbear from regulating high-speed data services offered by any service providers regardless of the technology employed.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "G. Stevens-Kittner".

Gerald Stevens- Kittner
CAI Wireless Systems, Inc.
2101 Wilson Boulevard, Suite 100
Arlington, Virginia 22201

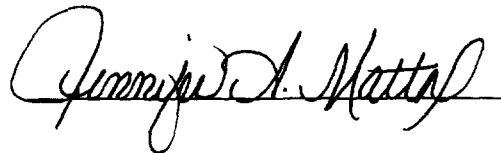
May 6, 1998

CERTIFICATE OF SERVICE

I, Jennifer Mattox, an administrative assistant with CAI Wireless Systems, Inc., hereby certify that a copy of the foregoing "Reply Comments" was supplied, via First Class U.S. Mail, on this 6th day of May, 1998, to the following:

Janice M. Myles
Common Carrier Bureau
Federal Communications Commission
Room 544, 1919 M Street, NW
Washington, DC 20554

International Transcription Services, Inc.
1231 20th St., NW
Washington, DC 20036

A handwritten signature in black ink, reading "Jennifer A. Mattox". The signature is written in a cursive style with a horizontal line underneath the name.